

Memorandum

TO : Bryant Van Brakle, Secretary **DATE:** January 15, 2004

FROM : Steven R. Blust, Chairman *SRB*

SUBJECT : Petition Numbers P3-03, P5-03, P7-03, P8-03 and P9-03

On January 8, 2004, I met with members and representatives of FedEx. In attendance at the meeting were Mr. Henry Wiseman, Sr. Vice President, Air & Ocean, FedEx Trade Networks, Mr. Steve DiNisco, Managing Director, FedEx Trade Networks, Ms. Penny Register, Vice President and General Counsel, FedEx Trade Networks, Mr. Dave Spence, Managing Director, Legal Dept., FedEx Corp, and Mr. Warren L. Dean, Jr., Thompson Coburn LLP. My counsel, Rachel E. Dickon, was also present.

FedEx first described its business as customer driven and emphasized the need to differentiate between its customers. Moreover, FedEx pointed out that an ocean common carrier integrating a logistics business would have a competitive advantage. FedEx believes that the current rules do not allow it to offer a "total supply chain solution" to its customers

At my request, the corporate structure of FedEx was described. I also queried whether FedEx uses time/volume rates or tiered rates under the current tariff structure. FedEx responded that it does use tiered rates. I asked about the volume of cargo which stays within the FedEx network beyond the ocean carriage. FedEx responded that it is the largest customs broker in the U.S. so that it works for many carriers.

Finally, I asked whether FedEx had given any consideration to purchasing ocean vessels, with the representatives at the table were not in a position to answer except to say that FedEx does have substantial assets in the ocean area.